

**MINUTES OF THE GENERAL MEETING
OF THE BIGFORK COUNTY
WATER AND SEWER DISTRICT**

The general meeting of the Bigfork County Water and Sewer District was held on December 9, 2015 at the District office.

ATTENDEES:

Directors: Tom Cahill, Gene Helberg, Bob Keenan, Randall Phelps and Seth Price

District Employees: Julie Spencer, Andy Loudermilk and Vickie Hemphill

Engineering: Jeff Cicon from Morrison Maierle

*Other Attendee(s): Robert Millspaugh – Packaging and Facilities Mgr., Flathead Lake Brewing;
Paul Rana with Woods Bay Water*

READ AND APPROVE MINUTES:

President Keenan opened the December meeting at 7:00 p.m. The minutes of the November Board Meeting were reviewed for approval. Cahill made a motion to approve, Phelps seconded and President Keenan called for discussion.

There were typos that had been corrected and it was noted that the Brewery owner was Greg Johnston, not Greg Moore. There was clarification regarding the eyewash station at the Ramsfield well house which has been filled and added to the maintenance program; specifically, if there is no chlorine at the site, it is not necessary to have an eyewash station and it can be removed if desired.

President Keenan asked for any further discussion. Hearing none, a vote was called; it was unanimously

RESOLVED, that the minutes for the November 2015 Board Meeting be approved with the corrections noted.

AGENDA - ADDITIONS OR CHANGES

Paul Rana and Robert Millspaugh were added to Public Comment.

PUBLIC COMMENT

Paul Rana with Greater Woods Bay Sewer District addressed the Board about the ongoing work to get Woods Bay connected to the Bigfork Sewer. He estimates that approximately 450 septic systems are on or near the shoreline and some are decades old. He expressed concern about what the old failing septic systems are doing to the lake and groundwater. Ideally, he would like to see the properties connected to the District's sanitary sewer. They received a TSEP grant for \$750,000 and are working to come up with matching funds, but have no income generating system in the ground to create revenue. Rana believes that the general consensus about underground services seems to be, "if the toilet flushes, there is no problem."

Phelps asked what evidence was available to show that the current systems were failing. Rana replied that if a septic is 70 years old and isn't being maintained or even checked, it's probably not working

effectively, if at all. Lake water is being sampled and analyzed by Flathead Lake Bio Station. The test results show that the phosphate and nitrate levels are consistent with the rest of the lake - and those levels continue to increase. Funding issues were addressed. According to Rana, there have been two PER's and the project was estimated at \$24 million. Currently there are 617 properties, so it comes to approximately \$40,000 per property. There was discussion about funding difficulties with this sort of project and what sorts of assistance might be available.

Rana also discussed the efforts to rezone north Lake County. The Lake County Commissioners plan to redo the growth policy, so further work on zoning will be delayed until the policy is rewritten and approved.

Robert Millspaugh from Flathead Lake Brewery spoke to the Board to update them on the status of the Brewery waste project. Millspaugh reports they are in their second half of sampling and have storage in place to remove some of the yeast and trub. The sampling will be done all week by 48 North Engineering on the wastewater prior to the Magellan treatment system. They are mapping the processes as they are wasted to identify each source of effluent. The testing will have a two week turnaround and results should be in place around year's end. Cicon added that a full 7 day composite sampling is needed to see what the Magellan will need to treat. A 24 hour composite will also be taken on a brew day.

MANAGERS AND OPERATORS REPORTS

Julie presented the Managers and Operators reports. Vickie explained the billing adjustments and past dues. Julie went through the financials. Budget numbers should be at 41% at the end of November. Three checks were written between Board meetings; to USPS for postage to mail bills; to NW Fuel Systems for parts; to Assurant for Health Insurance. Julie reviewed the payables. Andy's report was reviewed with brief discussion about the sewer main repairs done by ProVac.

President Keenan called for a motion to approve the Managers and Operators reports. Cahill moved, Price seconded and it was unanimously

RESOLVED, that the Manager and Operators reports for November 2015 be approved.

OLD BUSINESS

Engineering Report –Jeff Cicon with Morrison-Maierle (written report included in packet)

- *Sludge Storage* – On December 9, Jeff Ashley and Eric Blanksma, engineers from Morrison Maierle's Helena office, met with Julie and Andy to tour the facilities, review processes and discuss alternatives for sludge storage. This began their work on the technical memorandum which will give the District a 20 year plan for sludge handling.
- *Flathead Lake Brewery* – The sampling schedule has not been established but will be part of the permit once the pretreatment process is determined and the Magellan is back in operation. It may be necessary to create an interim permit until a final permit is in place.

Windsor Court Lot 7 Appraisal – Jon Hay is now working on the appraisal for this lot. However, he will not be able to appraise the Eagle Bend lot as it is zoned as a utility-only lot and Eagle Bend subdivision has reached the maximum platted density. Also, there is no sewer to this lot and it would need a main extension to develop as a separate residential lot. Phelps said he would look into the Eagle Bend lot issues.

NEW BUSINESS

Consent Agenda, Committee Names – Keenan addressed the Board regarding adding a consent agenda to the monthly agenda to expedite routine matters and save time. He requested that the following routine reports be listed on the consent agenda: Directors Report, Water Usage and Loss reports, Adjustments, Past Dues, Balance Sheet, Income Statement, Claim Approval, Fund Summaries, Operator's report, Engineer's report and possibly the committee reports with no action. These reports should be electronically submitted to the full board by 5:00 p.m. on the Monday prior to meetings. This would provide time for the Directors to review items that need to be pulled out for clarification. All remaining items on the consent agenda would be approved with one motion. The members were in agreement.

The name of the Rate Structure Committee was changed to the Budget and Rate Structure Committee. It was clarified that all business coming before this or any other financial committee should be presented to the full Board before any actions or decisions.

Rural Water Credit Union – MT Rural Water is considering starting a credit union and is surveying Montana water districts to see if they would like to participate. President Keenan researched and found there was nothing in the law prohibiting the District from joining a credit union. After discussion, the Directors decided they were not interested.

Ranch Annual Meter Reading Contract – The Ranch District's annual contract for meter reading by the District was discussed. It was decided the reading rate should stay at the current rate of \$5.25 per meter. President Keenan called for a motion to approve. Helberg made a motion, Price seconded and it was unanimously

RESOLVED, that the 2016 contract to read meters for Ranch Water District at \$5.25 per meter be approved.

COMMITTEE REPORTS

Annexation, Main Extensions & Construction *Helberg & Cahill*

- no committee meeting

District Investments *Price & Phelps*

- No committee meeting, however Phelps and Julie met with Jerry Bygren and Pamela Anderson at Flathead bank for clarification of the re-purchase agreements. It was explained that funds currently held at Flathead Bank are protected by securities the bank purchased to off-set the loss risk for the uninsured portion of balances above the current FDIC insured limit of \$250,000. Phelps explained that if there was a crisis the funds would most likely not be recoverable. He would like to see the District set up in a CDARS program, where a single bank manages the District's funds by purchasing CD's from different banks for just less than the FDIC insurable amount of \$250,000. That single bank would act as the fund manager and send a consolidated statement of all accounts. Each account would have a different maturity date based on liquidity needs of the District, and all banks would be fully FDIC insured. Flathead Bank no longer offers the CDARS program because of costs, but First Interstate Bank does offer it. Phelps urged the Directors to act on this as soon as possible and Price agreed it was prudent. The Directors requested that a bank official(s) attend an upcoming meeting and explain what they could offer.

Pretreatment Regulations Cahill & Price

- No further actions at this time.

Employee Insurance Compensation & Certification..... Helberg & Keenan

- *Employee Handbook* – Julie is still working on job descriptions and Helberg requested be postponed until a later date
- *Use of Sick Leave During Probation* – A current (probationary) employee became very ill and was in the hospital for several days. He then inquired whether he could use his earned sick leave, even though employee policy states he is not eligible until after he has satisfied probation. It was noted that, if granted, this allowance would not exclude this employee from satisfying his probation. President Keenan called for a motion to allow the employee to use sick leave due to the critical circumstances of his illness. Seth moved, Price seconded and the vote was carried 4 to 1, with a Nay vote from Phelps. Therefore, it was

RESOLVED, that the employee be granted an exception to policy and be allowed to use his earned sick leave due to the extreme nature of his illness. It was noted that this would not affect his probationary requirements either way. President Keenan instructed Julie to document the details and have the employee sign for his file.

- *Employee Drug & Alcohol Testing Program* – This program is now in place and all employees with a CDL are in a random drug testing pool. Julie and Andy attended a supervisory seminar presented by the hospital. The hospital's testing pool includes all employees working in safety related positions. In order to institute a similar program for the District's employees without a CDL, but who work in safety related positions and operate company vehicles, a separate testing pool would have to be established and testing policy written. Once established, a 60 day advance notice would be issued to all affected employees before testing could begin. Helberg moved, Phelps seconded and it was unanimously

RESOLVED, that a separate mandatory drug testing pool be established for all employees in safety rated positions or who operate company vehicles.

Pretreatment Regulations Committee Cahill & Price

- No Committee Meeting

Rate Structure / Budget Helberg & Phelps

- *2016 Budgets and Rates* – Committee to meet, review and approve the budget.
- *Asset Replacement Values* – Phelps has been reviewing the financials and audit reports and is concerned because the District's depreciation is underfunded. Additionally, the depreciation schedule doesn't reflect current replacement costs. There was discussion about fully valuing the infrastructure and the effect this would have on the rate structure. Phelps continues to investigate the numbers and would like to meet with Andy, Julie and Helberg to work through the details. Keenan suggested that some time be set aside in early March to review the findings.

Rules & Regulations Keenan & Price

- *Re-Use Rates--Resolution #74* – No action.
- *District ownership of mains* – This item needs to be clarified in the Rules and Regulations

Safety *Cahill & Price*

- Weekly safety meetings were held in November and the first of December. The topics were listed on the agenda.

Farmland..... *Helberg, Loudermilk, Broston*

- No discussion

COMMUNICATIONS

- *Montana Department of Revenue* – the DOR sent a letter regarding HB 389 which requires nonprofits with real property to reapply for exempt status and pay fees for each property. The District has 12 properties that would be affected. The fees are due March 1.
- *Jennifer Downing Billing Dispute* – Downing is a current water and sewer customer who had a water event in October and received a large bill. The Board reviewed her letter but adhered to District Policy and did not recommend any action.
- *Flathead Lake Brewery Consultant Fee Correspondence* – Robert Milspaugh wrote a letter to the Board in response to the November 13th letter from the District regarding reimbursement of engineering fees incurred due to their pretreatment issues. Milspaugh suggested the District’s portion of the engineering expenses might be offset by the value of the beneficial nutrients they could provide to the MBR plant in the winter months. The directors discussed both sides of the issue and asked Andy about the needs of the plant in winter. Andy explained that the plant is too large for the winter population so nutrient loading is insufficient. To remedy this, the District purchased waste from the Brewery’s Woods Bay location last year. He explained that, if not supplemented, the plant slowly dies off by spring at which time flows begin to increase. These conditions have created serious issues in the past. The matter was tabled. The Brewery Committee will make a recommendation at some point in the future.

President Keenan called for a motion to adjourn the meeting. Price motioned, Cahill seconded and it was unanimously

RESOLVED that the public meeting be adjourned at 8:58 p.m.

Secretary, Vickie D. Hemphill

President, Robert Keenan